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ARIZONA CORPORATION COMMISSION RECEIVED

ORIGINAL

2009 SEP 25 P 3: 02  
September 25, 2009

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Mr. Robert J. Canfield, President  
Lazy C Water Service  
PO Box 1  
Tucson, AZ 85745

RE: BOX 1 INC. DBA LAZY C WATER SERVICE – APPLICATION FOR A RATE INCREASE,  
DOCKET NO. W-01536A-09-0410

LETTER OF DEFICIENCY

Dear Mr. Canfield:

In reference to your rate Application received on August 28, 2009, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found deficiencies with your Application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until October 13, 2009, to correct the deficiencies or make other arrangements with Staff to remedy your rate Application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated Application at a later date.

The Staff person assigned to your application is Crystal S. Brown. She can be reached at (602) 542-0864, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

Nancy Scott  
Chief Accountant  
Financial & Regulatory Analysis Section  
Utilities Division

CC: Docket Control Center (sixteen copies)  
Lyn Farmer, Hearing Division  
Delbert Smith, Engineering  
Consumer Services  
Legal Division

Arizona Corporation Commission  
DOCKETED

SEP 25 2009

DOCKETED BY	
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## **LAZY C WATER SERVICE – LIST OF DEFICIENCIES**

1. Bill Count for 5/8-inch x 3/4-inch meter customers (Pages 27 through 31 of Application) – The bill count revenue does not match the test year metered water. Please provide a corrected bill count and/or explain the difference. As part of your response, please list your revenue by meter size and provide a copy of your general ledger.
2. Bill Count for 5/8-inch x 3/4-inch meter customers (Page 31 of Application) – Please provide the actual number of gallons for the bill you reported in the “Over 100,000” gallons range.
3. 2004 Plant Additions (Page 13 of Application) – Please provide invoices to support the \$4,310 amount for the 2004 plant additions listed on page 13 of your Application.
4. 2005 Plant Additions (Page 13 of Application) – Please provide invoices to support the \$945 amount for the 2005 plant additions listed on page 13 of your Application.
5. 2006 Plant Additions (Page 13 of Application) – Thank you for the information provided. However, the cost of the 2006 plant additions reported on page 13 of the Application is \$25,020 and the invoices provided total only \$13,175, a difference of \$11,845. Please provide the additional invoices. Also, please provide each page of each invoice for all invoices, including the invoices previously provided.
6. 2007 Plant Additions (Page 13 of Application) – Thank you for the information provided. However, the cost of the 2007 plant additions reported on page 13 of the Application is \$24,098 and the invoices provided total only \$1,965, a difference of \$22,133. Please provide the additional invoices. Also, please provide each page of each invoice for all invoices, including the invoices previously provided.
7. 2008 Plant Additions (Page 13 of Application) – Thank you for the information provided. However, the cost of the 2008 plant additions reported on page 13 of the Application is \$26,883 and the invoices provided total only \$21,291, a difference of \$5,591. Please provide the additional invoices. Also, please provide each page of each invoice for all invoices, including the invoices previously provided.
8. Water Use Data Sheet (Page 18 of Application) – Referring to the Water Use Data for the test year, submitted with Application:
  - a. The Company reported more gallons sold (17,426,262 gallons) than pumped/purchased (15,404,442). Please verify/correct.
  - b. The Company reported 14,675,890 gallons purchased and only 728,552 gallons pumped. Please explain the need for purchase.
  - c. Based on Annual Reports, the Company reported only 2,129,546 gallons purchased in 2007 and 14,675,890 gallons purchased in 2008. Please explain the difference.

9. Account 610, Purchased Water Account on Income Statement (Page 19 of Application) – Referring to Account 610, Purchased Water, listed in Operating Expenses on page 19 of Application, the Company reported \$2,431 for 2008 and \$6,491 for 2007. Please explain why expense decreased in 2008, when amount of purchased water increased.
10. Account 620, Repairs & Maintenance Account on Income Statement (Page 19 of Application) – The Income Statement reports \$51,360 for the Repairs and Maintenance account shown on page 19 of Application; however, the invoices you provided total only \$39,518; a difference of \$11,842. Please provide the invoices to support the \$11,842 amount.
11. Account 630, Outside Services Account on Income Statement (Page 19 of Application) – The Income Statement reports \$16,208 for the Outside Services account shown on page 19 of Application; however, the invoices you provided total only \$2,164; a difference of \$14,044. Please provide the invoices to support the \$14,044 amount.
12. Account 630, Water Testing Account on Income Statement (Page 19 of Application) – The Income Statement reports \$964 for the Water Testing account shown on page 19 of Application; however, the invoices you provided total only \$380; a difference of \$584. Please provide the invoices to support the \$584 amount.